

PENSIONS COMMITTEE
16 JUNE 2017**LGPS CENTRAL UPDATE**

Recommendation

- 1. The Chief Financial Officer recommends that the LGPS Central Update be noted.**

Update

2. Over the last three months considerable progress has been made on the project. One of the key areas of progress was in the appointment of an 'asset servicer' who will provide depositary and custody facilities to LGPS Central and will be key in ensuring that LGPS Central complies with its regulatory responsibilities. Northern Trust were successful following the procurement process and are now working with LGPS Central. Given the requirement to include the name of the asset servicer in the application for authorisation by the Financial Conduct Authority (FCA), which is intended to be submitted in early July, this appointment was critical. A substantial amount of work was carried out by a number of officers at the partner funds, and the process was completed in line with the tight timescale that had been set.
3. At the beginning of April 2017 interviews were held to appoint the Non-Executive Chair of LGPS Central. Joanne Segars, previously Chief Executive of the Pensions and Lifetime Savings Association (formerly known as the National Association of Pension Funds) was offered, and accepted the post. Joanne has huge experience in the pension and investment industry and is an internationally recognised expert. Her knowledge will be vital in guiding LGPS Central through its formative years and ensuring that it becomes an organisation that can surpass the expectations of the partner funds.
4. Following the appointment of Joanne as Chair, it was possible to quickly progress the appointment of a Chief Executive. Much of the work in respect of narrowing down the list of candidates had already been carried out by officers and a firm of head hunters and the interviews took place on 28 April. Andrew Warwick Thompson, currently Executive Director for Regulatory Policy at The Pensions Regulator has accepted the post. The future Chief Executive has considerable experience of building teams within an investment management and regulatory environment, and is a high quality capture.
5. With a Chair and a Chief Executive appointed (although the Chief Executive will not be formally 'in post' for some months due to a notice period), the appointment process of the remainder of the senior management team can now move ahead. Two other Non-Executive Directors (one with investment management experience and one with operational experience within an FCA authorised company), a Chief Operating Officer/Chief Financial Officer and a Chief Investment Officer will complete the senior

management team. It is expected that all of these appointments will be completed within the next three months.

6. Meetings were held with staff in Wolverhampton and Matlock at the beginning of April 2017 to update them on the progress that has been made and to provide assurance that LGPS Central is focussed on maintaining, and growing, internal management once the pool is launched.

7. A Shadow Shareholders' Forum was held on 15 March at Shropshire. Among the items discussed were; the timetable for the appointment of the senior management team, the shortlisting process for the Chair and Chief Executive posts, a proposal for how support services would be provided to LGPS Central at the Wolverhampton and Matlock sites, an updated high level overview of the Regulatory Business Plan (formerly called the Strategic Business Plan) and a plan for future meeting dates. Elections at most of the partner funds are likely to mean some changes to those members that act as shareholder representatives, and it is recognised that any new elected members will require training to bring them 'up to speed'.

8. Officers are fully aware that the May Local Elections that were held at six of the partner funds may have a meaningful impact onto the membership of both the main Pension Committees at the partner funds, and also their Local Pension Boards. A training day will take place in Chester on Monday 17 July in order to support the understanding of members who are new to the LGPS Pooling project.

9. Progress on the completion of the many policies that are required to support the FCA authorisation process has been good and most are in a process of review.

10. LGPS Central, and all of the other prospective pools, has been asked to provide an update on progress to Central Government. The forthcoming General Election means that it is unlikely that there will be any ministerial comment on progress fed back to the pools until at least the end of June 2017, but it has already been made clear that it is highly unlikely that there will be an extension to the deadline for launch. All work being carried out continues to be on the basis that LGPS Central will have received FCA authorisation in advance of 1 April 2018, and will be capable of commencing management of the assets of the partner funds on this date.

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Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) the following background papers relating to the subject matter of this report:

LGPS Central business case submission to government 15 July 2016.